

**CITY OF MILWAUKIE
BUDGET COMMITTEE MEETING**

October 28, 2019

Budget Committee Members Present: Lisa Batey, Angel Falconer, Mark Gamba, Kathy Hyzy, Caili Nance, Wilda Parks, Mary Rowe, Leslie Schockner, and Jon Stoll

Absent: Michael Osborne

Staff Present: Steve Adams, Leila Aman, Bonnie Dennis, Keith McClung, Ann Ober, and Judy Serio

Chair Stoll called the meeting to order at 5:30 pm.

Introductions were done.

Approval of August 12, 2019 minutes

It was moved by Ms. Batey and seconded by Ms. Falconer to approve the August 12, 2019, meeting minutes as written. Motion passed unanimously.

City Manager Update

Ms. Ober provided an update of projects. The South Downtown plaza and AxelTree opening will be on November 21. The Library's opening is scheduled for January 11. The Kronberg Park opening is still to be determined. The Umbrella Parade is on December 7 and the Winter Solstice event on December 21. Due to temperatures, a few paving projects have been delayed. As of today, the paving of Washington Street paving will be done October 31. The city received an application for the Monroe apartments on October 18; staff has 30 days to deem the application complete.

Mr. Adams provided an update on the grant application for the Monroe Street greenway. The C4 subcommittee reevaluated the application and the project has been bumped to number 2 on the county's project list. West Linn had been number one on the list and they stepped down giving Milwaukie their spot; next is Metro's review of the project.

Ms. Ober stated the Comp Plan is several months behind; should go to Council in March 2020.

Budget Supplemental

Ms. Dennis discussed the advantages of the new City Hall purchase. The purchase price is \$6.5 million with a 27-month lease-back agreement. The city will issue a Full Faith and Credit bond. The estimated annual debt service payment will be \$340,000 to \$485,000 per year. To fund the debt service, the Pond House and Bertman House will be sold along with transfers from all city funds that will play a key role in the new building.

Ms. Schockner asked the amounts of the property sales and transfers.

Ms. Ober responded the goal is to have \$1.5 million in offsets; if the offset amount is lower, a higher amount of debt will need to be taken and the committee will discuss at that time.

Ms. Batey clarified the \$340,000 debt service is if \$5 million is borrowed and the \$485,000 debt service is if \$7 million is borrowed.

Mayor Gamba asked the maintenance costs on the current City Hall.

Ms. Ober responded that she can obtain those numbers; ongoing maintenance of the existing building is being done, it has not been determined what will become of this building. The future City Hall building is newer, so maintenance costs will be less.

Chair Stoll asked how the allocation will be done.

Ms. Dennis explained it will be done through the transfers; she discussed the methodology with the auditors and other local finance directors. This will be a different type of debt obligation, it is a taxable bond due to the lease-back of the building, so the interest rate will be higher. The estimated bond closing date is February 2020.

CIP Update

Mr. Adams clarified some items from the August 12, 2019 meeting's CIP discussion. Lake Road will need to be rebuilt, staff will be looking into the cost of getting this completed. Staff is also looking into adding bike lanes since there are three schools within fifteen blocks of one another. Due to the high cost of Lake Road, other projects' funding are being looked at such as King Road and Linwood Avenue.

Ms. Ober clarified on the Linwood project, funds are available since the stormwater project was over budgeted.

The committee discussed the Lake Road build out and funding.

Review and Discussion of the Quarterly Financial Report for FY 2020 First Quarter Ending September 30, 2019

Ms. Dennis began the discussion by noting the report includes unaudited numbers; the final FY19 audit will begin November 12. The LGIP interest rate has decreased to 2.45% from 2.75%. The new state gas tax revenue is \$83,217.

Ms. Batey asked what the projection was for the new state gas tax.

Ms. Dennis responded she would have to get back to the committee with an answer. The property tax numbers reflect a 4% increase in assessed value and a 5% increase in real market value.

Chair Stoll commented on the Engineering Department being close to fully staffed.

Mayor Gamba commented that Measures 5 and 50 reflect the difference between real market value and assessed value.

Ms. Dennis continued with the General Fund's franchise fees which reflect a \$441,000 accrual entry that was done to account for money earned in FY 2019. The large variances in the departments were highlighted.

Ms. Schockner asked for an explanation of each column on the report.

Ms. Dennis explained what each column represents.

Ms. Batey asked why PEG funds are not being used.

Ms. Dennis clarified that those funds can be used at the new building.

Ms. Ober added the funds can be used for new cameras and creating a new room for the camera crew at the new building. The funds are also disbursed to schools to fund teaching students how to use this type of equipment.

Ms. Dennis continued with the Debt Service fund. The Building Inspections fund continues to have a favorable increase in revenue; the supplemental is reflected in the material and

services category. The Library fund is meeting projections; the project expenses for the new building are at 80%.

Chair Stoll asked about the ending balance for the Library.

Ms. Dennis responded it has a lot to do with the capital outlay. She will go back and review the balance.

Members discussed the accounting for the capital project within the Library fund.

Ms. Dennis continued with the Transportation fund.

Ms. Schockner asked why interest earnings are not reflected in this fund.

Ms. Dennis stated the transportation bond was closed after this biennium budget. Budgeting for interest is on the list to review for the upcoming budget. The Water fund's obligated funds are lower in the beginning of the fiscal year. The Wastewater and Stormwater funds were presented.

Mayor Gamba asked about the Meek Street stormwater project.

Ms. Ober responded there has been a delay with the railroad.

Ms. Dennis continued with the SDC, Affordable Housing, and MRC funds.

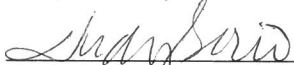
Other Items

None

Adjourn

Chair Stoll made a motion to adjourn; it was moved by **Ms. Parks** to adjourn the meeting at 6:28 p.m. Motion passed unanimously.

Respectfully submitted,



Judy Serio, Accountant

